



QUARTERLY
REPORT 2022
JAN-SEP



**power**

CORPORATE INFORMATION

Board of Directors

Mr. Roberto Longo	Chairman	Non - Executive Director
Mr. Muhammad Imran Malik	Director/Chief Executive	Executive Director
Mr. Amjad Farooq	Director/Chief Financial Officer	Executive Director
Mr. Syed Asad Ali Zaidi	Director	Executive Director
Mr. Toh Guan Kiat	Director	Non - Executive Director
Mr. Aamir Amin	Director	Non - Executive Director
Mr. Kamal Monnoo	Director	Independent Director
Mr. Muhammad Maqbool	Director	Independent Director
Ms. Fatima Asad Khan	Director	Independent Director

Audit Committee

Mr. Muhammad Maqbool	Chairman
Mr. Roberto Longo	Member
Mr. Aamir Amin	Member
Mr. Toh Guan Kiat	Member

Human Resource and Remuneration Committee

Ms. Fatima Asad Khan	Chairperson
Mr. Muhammad Imran Malik	Member
Mr. Toh Guan Kiat	Member

Chief Financial Officer (CFO)

Mr. Amjad Farooq

Company Secretary

Ms. Mahnoor Ather

Auditors

A.F. Ferguson & Co.
(a member firm of PwC Network)
23-C, Aziz Avenue, Canal Bank,
Gulberg V, Lahore.

Legal Advisor

SurrIDGE & Beecheno
60, Shahrah-e-Quaid-e-Azam,
Ghulam Rasool Building,
Lahore.

Stock Exchange Listing

Bata Pakistan Limited is listed on Pakistan Stock Exchange under "Leather and Tanneries sector.

Web Presence

<https://www.bata.com.pk/>

Bankers

Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Bank Al Habib Limited
National Bank of Pakistan Limited
United Bank Limited
Meezan Bank Limited
Allied Bank Limited
Bank Alfalah Limited

Registered Office

Batapur,
G. T. Road,
P.O. Batapur, Lahore.

Share Registrar

Corplink (Pvt.) Ltd.
Wings Arcade, 1-K Commercial,
Model Town, Lahore.

Factories

Batapur,
G. T. Road,
P.O. Batapur, Lahore.

Maraka,
26 - Km, Multan Road, Lahore.

Liaison Office Karachi

138 C-II Commercial Area,
P.E.C.H.S., Tariq Road, Karachi.

DIRECTORS' REVIEW

It is our pleasure to present the un-audited Condensed Interim Financial Information and brief review of the Company's operations for the nine-month period ended 30 September 2022.

Net turnover in the period under review was Rs. 12.599 billion as compared to Rs. 9.147 billion for the corresponding period of last year showing a healthy growth of 38%. Profit before Tax during the current period was Rs. 816.3 million as compared to Rs. 321.2 million of last year. Profit after tax was Rs. 466.624 million as compared to Rs. 164.040 million of last year. Earnings per share was Rs. 61.72 against last year of Rs. 21.70.

Both retail and non-retail divisions remained under pressure due to inflation but showed remarkable results against corresponding period of last year due to resumption of normal business post Covid. Devastation caused by floods have overall long lasting impact. The initial damage results in induced direct physical damage which in turn leads to indirect economic losses. Also high inflation, devaluation of Pak Rupee and political instability resulted in upsurge in fuel and utility prices that adversely impacted the business along with restriction on business hours. Nevertheless, turnover of Retail division increased by 47% against the corresponding period of last year.

Our production facilities at Batapur and Maraka were remained operational to meet the demand of our popular items. We are continually making investment in new moulds, the majority of which are proved very successful in the marketplace.

Our precedence remains to satisfy the demand of our valued customers and provide them with services exclusively and efficiently. In spite of bleak economic environment and competitive market conditions, we are preparing ourselves to grasp all opportunities that come our way this year. Our priority right now is to hit our target sales and stay connected with our customers through social media platforms and online campaigns.

The Company continued its Corporate Social Responsibilities (CSR) activities during the period under review. A Water Filtration Plant was built at Ghurki Teaching Hospital Lahore in order to provide clean & safe drinking water for the patients and their attendants. To impart our role for better environment, Plant for Life campaign was launched with the participation of our employees and their children; and planted more than 1,000 trees / saplings at Batapur. BCP volunteers conducted mentoring sessions for school children to help them explore their strengths and decide their future paths. Celebrated International Youth Day with college students to raise awareness about certain barriers to inter-generational solidarity and measures to be taken to achieve the Sustainable Development Goals. To strengthen the teaching skills of school staff, a Teachers Training Workshop was arranged in a local school. As part of Founder's Day celebrations, BCP volunteers painted Dispensary and IT Lab at SOS Village Lahore.

The Board of Directors have approved an interim cash dividend for the period ended September 30, 2022 of Rs. 180 per share, (i.e. 1,800%), amounting to Rs. 1,360.8 million at their meeting held on October 26, 2022.

We are anticipating challenges but we are very much confident that with passion of our staff and unconditional support from our all stakeholders, we will not only achieve our goals for the year but also maintain a cohesion on national level by fulfilling our corporate responsibility to the society.

On behalf of the Board



MUHAMMAD IMRAN MALIK
Chief Executive

Batapur:
Lahore: 26 October 2022

ڈائریکٹر زکا جائزہ

ہمیں خوشی ہے کہ ہم 30 ستمبر 2022 کو ختم ہونے والی نو ماہی مدت کے لیے فیئر آڈٹ شدہ انڈینڈ عبوری مالیاتی معلومات اور کمپنی کے آپریشنز کا مختصر جائزہ پیش کر رہے ہیں۔

زیر جائزہ مدت میں گزشتہ سال کی اسی مدت کے لیے 9.147 ملین روپے کے مقابلے میں 12.599 ارب روپے کا کاروبار ہو جو 38 فیصد ترقی کا مظہر ہے۔ موجودہ مدت کے دوران ٹیکس سے پہلے گزشتہ سال کے 321.2 ملین کے مقابلے میں 816.3 ملین روپے رہا اور ٹیکس کے بعد منافع گزشتہ سال کے 164.040 ملین کے مقابلے میں 466.624 ملین روپے رہا۔ فی شخص آمدنی پچھلے سال 21.70 کے مقابلے میں 58.42 روپے رہی۔

خوردہ اور غیر خوردہ دونوں ڈویژن افراد زرکی وجہ سے دباؤ میں رہے لیکن کرونا کے بعد معمول کے کاروبار کے دوبارہ شروع ہونے کی وجہ سے پچھلے سال کی اسی مدت کے مقابلے میں بہتر نتائج سامنے آئے۔ سیلاب کی وجہ سے ہونے والی تباہی کا مجموعی طور پر دیر پا اثر ہوتا ہے۔ ابتدائی نقصان کے نتیجے میں براہ راست جسمانی نقصان ہوتا ہے جس کے نتیجے میں بالواسطہ معاشی نقصان ہوتا ہے۔ اس کے علاوہ بڑھتی ہوئی پاکستانی روپے کی قدر میں کمی اور سیاسی عدم استحکام کے نتیجے میں ایندھن اور پمپیں کی قیمتوں میں اضافہ ہوا، اور وہ کاروباری اوقات پر پابندی سے کاروبار پر منفی اثر پڑا۔ اس کے باوجود، ریشٹل ڈویژن کے کاروبار میں گزشتہ سال کی اسی مدت کے مقابلے میں 47 فیصد اضافہ ہوا۔

باٹاپور اور ماراکا میں ہماری پیداواری سہولیات ہماری مقبول اشیاء کی مانگ کو پورا کرنے کے لیے کام کرتی رہیں۔ نئے سانچوں میں مسلسل سرمایہ کاری کی گئی، جن میں سے زیادہ تر مارکیٹ پلیس میں بہت کامیاب ثابت ہوئے ہیں۔

ہماری ترجیح اپنے قابل قدر صارفین کی مانگ کو پورا کرنے اور انہیں خصوصی اور موثر طریقے سے خدمات فراہم کرنا ہے۔ نامساعد اقتصادی ماحول اور مسابقتی مارکیٹ کے حالات کے باوجود، ہم اس سال، سامنے آنے والے تمام مواقع کو سمجھنے کے لیے خود کو تیار کر رہے ہیں۔ اس وقت ہماری ترجیح فروخت کے ہدف کا حصول اور سوشل میڈیا پلیٹ فارمز اور آن لائن اشتہارات کے ذریعے اپنے صارفین سے جڑے رہنا ہے۔

کمپنی نے زیر جائزہ مدت کے دوران اپنی کارپوریٹ سماجی ذمہ داریوں (CSR) کی سرگرمیوں کو بھی احسن طریقے سے جاری رکھا۔ مریضوں اور ان کے لواحقین کو پینے کے صاف پانی کی فراہمی کے لیے گھر کی ٹیپنگ ہسپتال لاہور میں ایک واٹر فلٹریشن پلانٹ فراہم کیا گیا۔ بہتر ماحول کے حوالے سے پلانٹ فار لائف مہم کے دوران ہمارے ملازمین اور ان کے بچوں نے شرکت کے ذریعے اپنا کردار ادا کیا اور باٹاپور میں 1,000 سے زیادہ درخت اور پودے لگائے۔ BCP رضا کاروں نے اسکول کے بچوں کی رہنمائی کے لیے سیشیز کا انعقاد کیا تاکہ ان کی قابلیت کے ادراک کے ذریعے انہیں مستقبل کے راستے طے کرنے میں مدد دی جاسکے۔ بین الاقوامی بچہ کی راہ میں حاصل رکاوٹوں اور پائیدار ترقی کے اہداف کے حصول کے لیے اٹھائے جانے والے اقدامات کے بارے میں بیداری پیدا کرنے کے لیے کانچ کے طلبہ کے ساتھ نو جوانوں کا بین الاقوامی دن منایا۔ اسکول کے عملے کی تدریسی صلاحیتوں کو نکھارنے کے لیے ایک مقامی اسکول میں اساتذہ کی تربیتی ورکشاپ کا اہتمام کیا گیا۔ یوم تائیس کی تقریبات کے ایک حصے کے طور پر، بی سی پی کے رضا کاروں نے ایس او ایس ویلج لاہور میں ڈسپنری اور آئی ٹی لیب کو چھینٹ کیا۔

بورڈ آف ڈائریکٹرز نے 30 ستمبر 2022 کو ختم ہونے والی مدت کے لیے 180 روپے فی شیئر (یعنی 1800 فیصد) کے عبوری کیش ڈیویڈنڈ کی منظوری دی ہے جس کی مالیت 26 اکتوبر 2022 کو ہونے والے اجلاس میں 1360.8 ملین روپے بنتی ہے۔

ہمیں بہت سے چیلنجز کا سامنا ہے مگر ہم یقین ہے کہ اپنے عملے کے جذبے اور تمام اسٹیک ہولڈرز کی غیر مشروط حمایت کے ساتھ، ہم نہ صرف سال کے لیے اپنے اہداف حاصل کریں گے بلکہ معاشرے کے لیے اپنی کارپوریٹ ذمہ داری کو پورا کرتے ہوئے قومی سطح پر ہم آہنگی بھی برقرار رکھیں گے۔

مختار بٹ

محمد عمران ملک

چیف ایگزیکٹو

باٹاپور

لاہور: 26 اکتوبر 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UNAUDITED

AS AT SEPTEMBER 30, 2022

	Note	(UN - AUDITED) September 30, 2022	(AUDITED) December 31, 2021
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,191,203	1,935,392
Right of use assets		3,354,115	3,427,313
Intangible assets		181,471	214,307
Long term investments	7	45,005	45,031
Long term deposits and prepayments		65,360	41,077
Deferred tax asset		442,893	434,129
		6,280,047	6,097,249
CURRENT ASSETS			
Stores and spare parts		—	—
Stock in trade	8	5,904,954	3,978,771
Trade debts - unsecured		737,129	973,880
Advances - unsecured		171,216	283,015
Trade deposits and short term prepayments		445,945	293,418
Other receivables		399,567	411,658
Interest accrued		2,599	5,781
Short term investments		500,000	1,100,000
Tax refunds due from Government	9	350,161	350,161
Cash and bank balances	10	822,912	2,108,570
		9,334,483	9,505,254
TOTAL ASSETS		15,614,530	15,602,503
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		100,000	100,000
Issued, subscribed and paid up capital		75,600	75,600
Reserves			
Capital reserve		483	483
Revenue reserves		6,549,962	6,083,338
		6,550,445	6,083,821
		6,626,045	6,159,421
NON-CURRENT LIABILITIES			
Lease liabilities		3,430,184	3,500,649
Long term deposits		26,771	26,353
Long term borrowing	11	100,936	47,222
Deferred liability - employee benefits	12	53,146	61,992
		3,611,037	3,636,216
CURRENT LIABILITIES			
Current portion of lease liabilities		935,753	911,572
Current portion of long term borrowing		21,377	6,296
Trade and other payables		4,004,107	4,073,404
Unclaimed dividend		—	568,587
Unpaid dividend		57,770	60,293
Short term borrowings	13	—	—
Provision for taxation		358,441	186,714
		5,377,448	5,806,866
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		15,614,530	15,602,503

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

		Three month period ended		Nine month period ended	
	Note	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
(Rupees in '000)					
Sales - net	15	4,252,658	3,283,700	12,598,771	9,146,739
Cost of sales	16	(2,232,244)	(1,735,836)	(6,542,199)	(4,776,715)
Gross profit		2,020,414	1,547,864	6,056,572	4,370,024
Distribution costs		(1,298,967)	(1,009,837)	(3,729,923)	(2,823,955)
Administrative expenses		(384,364)	(279,282)	(1,034,822)	(833,820)
Other expenses		(43,554)	(34,499)	(124,814)	(56,911)
Other income		58,986	47,996	188,148	206,417
Finance costs	17	(187,598)	(175,285)	(538,859)	(540,569)
Profit before taxation		164,917	96,957	816,302	321,186
Taxation		(83,144)	(63,270)	(349,678)	(157,146)
Profit after taxation		81,773	33,687	466,624	164,040
Other comprehensive income		—	—	—	—
Total comprehensive income		81,773	33,687	466,624	164,040
Earnings per share					
- Basic and diluted	20	Rs.10.82	Rs.4.46	Rs.61.72	Rs.21.70

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	Revenue reserves					Total
	Share capital	Capital reserve	General reserve	Unappropriated profit / (loss)	Total revenue reserves	
	(Rupees in '000')					
Balance as at January 01, 2021	75,600	483	6,957,000	(660,484)	6,296,516	6,372,599
Total comprehensive income for the nine month period ended September 30, 2021	–	–	–	164,040	164,040	164,040
Balance as at September 30, 2021	75,600	483	6,957,000	(496,444)	6,460,556	6,536,639
Balance as at January 01, 2022	75,600	483	6,957,000	(873,662)	6,083,338	6,159,421
Total comprehensive income for the nine month period ended September 30, 2022	–	–	–	466,624	466,624	466,624
Transfer from general reserve to unappropriated profit / (loss)	–	–	(900,000)	900,000	–	–
Balance as at September 30, 2022	75,600	483	6,057,000	492,962	6,549,962	6,626,045

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS - UNAUDITED

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

Note	Nine month period ended	
	September 30, 2022	September 30, 2021
	(Rupees in '000)	
CASH GENERATED FROM OPERATIONS		
Profit before taxation	816,302	321,186
Adjustment for:		
Depreciation of property, plant and equipment	220,312	202,863
Depreciation of right of use assets	820,247	853,360
Amortization of intangible assets	36,559	26,376
Provision for gratuity	10,245	8,752
(Gain)/ Loss on disposal of property, plant and equipment	(1,448)	4,666
Rent concessions received	(80,679)	(115,418)
Income from short term investments	(83,154)	(65,676)
Income from long term investments	(3,199)	(2,155)
Exchange loss / (gain)	54,092	19,952
Interest / markup costs	538,859	540,569
Early payment discount on supplier invoices	(10,753)	(15,323)
Net charge / (reversal) of loss allowance of trade debts and advances	25,630	(3,637)
Provision for slow moving and obsolete stock - net	7,114	33,393
Reversal of provision for obsolescence of raw material - net	6,666	9,877
Reversal of provision for obsolescence of stores and spare parts - net	36	(466)
	1,540,527	1,497,133
Operating profit before working capital changes	2,356,829	1,818,319
(Increase) / decrease in current assets:		
Stores and spare parts	(36)	466
Stock in trade	(1,939,963)	(1,738,925)
Trade debts - unsecured	211,121	67,110
Advances - unsecured	111,799	(21,072)
Trade deposits and short term prepayments	(152,527)	(235,157)
Other receivables	6,209	1,096
	(1,763,397)	(1,926,482)
(Decrease) / increase in current liabilities:		
Trade and other payables	(112,636)	401,730
Cash used in operations	480,796	293,567
Finance cost paid	(538,859)	(540,569)
Taxes paid	(180,833)	(222,381)
Gratuity paid	(19,091)	(15,351)
Interest income received	89,535	80,260
	(649,248)	(698,041)
Increase in long term prepayments	(24,283)	(5,524)
Increase in long term deposits (liabilities)	418	392
Net cash used in operating activities	(192,317)	(409,606)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(300,466)	(148,209)
Investment in capital work in progress	(181,125)	(199,863)
Acquisition of intangible assets	(3,723)	-
Proceeds from sale of property, plant and equipment	6,916	7,209
Decrease in long term investments	26	58
Net cash used in investing activities	(478,372)	(340,805)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term borrowing	68,795	(4,722)
Principal elements of lease payments	(712,654)	(624,691)
Dividend paid	(571,110)	-
Net cash used in financing activities	(1,214,969)	(629,413)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,885,658)	(1,379,824)
Cash and cash equivalents at the beginning of the period	3,208,570	2,499,740
CASH AND CASH EQUIVALENTS AT THE END THE OF PERIOD	1,322,912	1,119,916

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

1 LEGAL STATUS AND OPERATIONS

Bata Pakistan Limited (the Company) was incorporated in Pakistan as a public limited company and its shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at Batapur, Lahore. The principal activity of the Company is manufacturing and sale of footwear of all kinds along with sale of accessories and hosiery items. The parent company of Bata Pakistan Limited is Bafin B.V. (Nederland), whereas the ultimate parent is Compass Limited, Bermuda. Furthermore, the Company has the following production facilities:

Sr. No	Business Units	Geographical Location
1	Batapur Factory	G.T. Road, P.O. Batapur, Lahore
2	Maraka Factory	26 - km, Multan Road, Lahore

The Company operates through retail outlets spread across the country with 8 outlets situated in Azad Kashmir, 9 in Balochistan, 14 in Islamabad Capital Territory, 2 in Gilgit Baltistan, 50 in Khyber Pakhtunkhwa, 293 in Punjab and 71 retail outlets in Sindh.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of (IAS) 34, the provisions and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PRESENTATION AND MEASUREMENT

These condensed interim financial statements are un-audited but subject to limited scope review. These condensed interim financial statements do not include all the information and disclosures required in an audited financial statements and therefore should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2021.

These condensed interim financial statements have been prepared under the historic cost convention except certain employee benefits which are recognized on present value. These condensed interim financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee unless otherwise specified.

4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING STANDARDS

4.1 Standards, amendments and interpretations to published standards effective in current period

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual period beginning on or after January 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

4.2 Standards, amendments and interpretations to existing standards not yet effective and not applicable/relevant to the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements apart from those which have been disclosed in the annual audited financial statements of the Company for the year ended December 31, 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

5 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements is in conformity with the approved accounting and reporting standards as applicable in Pakistan. Interim reporting requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

Accounting policies, judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the audited financial statements as at and for the year ended December 31, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended December 31, 2021.

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	(UN - AUDITED) September 30, 2022	(AUDITED) December 31, 2021
		(Rupees in '000)	
Property, plant and equipment	6.1	2,038,126	1,911,223
Capital work in progress	6.2	153,077	24,169
		2,191,203	1,935,392
6.1 Opening net book value (NBV)		1,911,223	1,904,351
Add: additions / transfers during the period / year	6.1.1	352,683	309,746
		2,263,906	2,214,097
Less: disposals during the period / year (NBV)	6.1.1	(5,468)	(24,059)
Depreciation charged during the period / year		(220,312)	(278,815)
		(225,780)	(302,874)
		2,038,126	1,911,223

	(UN - AUDITED)		(AUDITED)	
	September 30, 2022	September 30, 2022	December 31, 2021	December 31, 2021
	Additions	Disposals (NBV)	Additions	Disposals (NBV)
6.1.1	(Rupees in '000)			
Buildings				
- Factory	21,085	—	6,415	—
- Others	5,538	—	750	—
Plant & machinery	7,290	127	10,526	101
Gas installations	—	—	26	—
Office equipment	470	—	—	—
Furniture, fixture and fittings	264,671	4,880	159,315	13,858
Computers	53,629	461	132,714	10,100
	352,683	5,468	309,746	24,059

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

		(UN - AUDITED)	(AUDITED)
		September 30, 2022	December 31, 2021
Note		(Rupees in '000)	
6.2	Opening balance	24,169	45,516
	Add: additions during the period / year	181,125	174,190
		205,294	219,706
	Less: transfers during the period / year	(52,217)	(195,537)
		153,077	24,169
7 LONG TERM INVESTMENTS			
	PLS Term Deposit Receipts	45,005	45,031
7.1	The deposits include those earmarked against the balances due to employees held as securities. These carry mark-up at the rate of 11.25% (2021: 6.75%) per annum. These have been invested in accordance with the provisions of Section 217 of the Companies Act, 2017.		

8 STOCK IN TRADE

This represents net amount after adjustment for provision against slow moving and obsolete stock amounting to Rs. 89.066 million (2021: Rs. 59.656 million)

		(UN - AUDITED)	(AUDITED)
		September 30, 2022	December 31, 2021
Note		(Rupees in '000)	
9	TAX REFUNDS DUE FROM GOVERNMENT		
	Tax refunds due from Government	350,161	350,161
9.1	This represents sales tax paid on raw materials used in zero-rated taxable shoes for which refund claims have been lodged with the Tax Department.		

		(UN - AUDITED)	(AUDITED)
		September 30, 2022	December 31, 2021
Note		(Rupees in '000)	
10 CASH AND BANK BALANCES			
Bank balances in			
Current accounts			
- Foreign currency		35,591	26,787
- Local currency		80,731	51,704
		116,322	78,491
Daily profit accounts	10.1	467,578	1,961,799
	10.2	583,900	2,040,290
Cash in transit		236,186	65,398
Cash in hand			
- Foreign currency		2,296	1,871
- Local currency		530	1,011
		2,826	2,882
		822,912	2,108,570

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

10.1 The rate of mark-up on these accounts ranges from 4.50% to 15.50% (2021: 2.76% to 7.00%) per annum.

10.2 These balances are maintained with commercial banks undertaking conventional and Islamic banking services.

			(UN - AUDITED)	(AUDITED)
			September 30, 2022	December 31, 2021
	<u>Interest Rate</u>	<u>Note</u>	(Rupees in '000)	
11	LONG TERM BORROWING			
Long term borrowing from:				
Habib Bank Limited	SBP rate + 1.5%	11.1	42,500	47,222
MCB Bank Limited	1 month KIBOR + 1%	11.2	58,436	–
			100,936	47,222

11.1 The long term finance was obtained from Habib Bank Limited for import and installation of solar power machinery. Under the arrangement, principal amount upto Rs. 80 million is repayable in 39 equal quarterly instalments beginning six months after the initial drawdown date. Interest is payable quarterly in arrears.

11.2 The long term finance was obtained from MCB Bank Limited for import and installation of solar power machinery. Under the arrangement, principal amount upto Rs. 100 million is repayable in 39 equal quarterly instalments beginning six months after the initial drawdown date. Interest is payable quarterly in arrears.

	(UN - AUDITED)	(AUDITED)
	September 30, 2022	December 31, 2021
(Rupees in '000)		
12 DEFERRED LIABILITY- EMPLOYEE BENEFITS		
Opening liability	61,992	68,592
Amount recognized during the period / year	10,245	10,277
Payments made by the Company during the period / year	(19,091)	(21,479)
Experience adjustment	–	4,602
Closing liability	53,146	61,992

The latest actuarial valuation was carried out as at December 31, 2021.

13 SHORT TERM BORROWINGS

The credit facilities available to the Company from various commercial banks aggregate to Rs. 2,155 million (2021: Rs. 2,235 million). These include:

- Non funded facilities of letters of guarantee and letters of credit amounting to Rs. 455 million (2021: Rs. 455 million); and
- Cash finance facilities of Rs. 1,700 million (2021: Rs. 1,780 million).

Moreover, the Company can avail further cash finance facilities out of un-utilized unfunded facilities of Rs. 365 million (2021: Rs. 365 million) which also includes Rs. 35 million (2021: Rs. 35 million) of export finance facilities.

The un-utilized facility for letter of credits and guarantees at year end amounts to Rs. 2,042.703 million (2021: Rs. 1,879.458 million).

Mark-up on cash finance ranges from 3 months KIBOR plus 0.50% to 1.0% (2021: 3 months KIBOR plus 0.50% to 1.0%) as per agreements with banks.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

Mark-up on export finance is charged at SBP rate plus 1.00% (2021: SBP rate plus 1.00%) per annum.

These finances are secured against hypothecation of stock in trade, stores and spare parts and trade debts of the Company amounting to Rs. 2,580 million (2021: Rs. 2,687 million).

14 CONTINGENCIES AND COMMITMENTS

There are no significant changes in contingencies since the date of preceding published annual financial statements for the year ended December 31, 2021 except the following:

14.1.1 The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated January 17, 2022 amounting to Rs. 1,918.062 million on account of claiming credit notes in violation of the provisions of the Sales Tax Act, 1990 and the Sales Tax Rules, 2006. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals), which has been decided in favour of the Company vide order dated March 18, 2022. The Department has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the said order which is pending adjudication. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these condensed interim financial statements.

14.1.2 The Deputy Commissioner Inland Revenue (DCIR) raised demand vide order dated April 29, 2022 amounting to Rs. 1,200.458 million on account of suppression of sales, short payment of sales tax against incorrect declaration of sales / supplies made to wholesalers as retail sales, non-payment of further tax and illegal adjustment of input tax in violation of the Sales Tax Act, 1990. Being aggrieved, the Company preferred an appeal before Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the appeal in favor of the Company vide order dated June 15, 2022 by deleting the demand of sales tax of Rs. 1,082.324 million whereas, charge related to non payment of further tax of Rs. 118.134 was remanded back to the assessing officer. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. Based on the tax advisor's opinion, the Company's management expects a favourable outcome due to which no provision has been recorded in these condensed interim financial statements.

14.1.3 The Deputy Commissioner Inland Revenue raised demand pertaining to Income Tax for tax year 2009 on account of certain issues. Being aggrieved, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) vide order dated October 18, 2020 decided the appeal in favor of the Company by deleting majority of the add backs with the exception of proration of expenses and addition made on account of advances to employees and suppliers. The Company, however, being aggrieved, has filed an appeal with Appellate Tribunal against the additions not deleted by the Commissioner Inland Revenue (Appeals). The Tax Department also has filed an appeal against the order of Commissioner Inland Revenue (Appeals) with the Appellate Tribunal Inland Revenue (ATIR). Further, on August 30, 2022, the taxation officer has given appeal effect to the CIR(A) order whereby the tax demand of Rs 34.27 million is reduced to 13.259 million. Being aggrieved by the appeal effect order, the company preferred an appeal to CIR(A) which is pending adjudication till date. Based on tax advisor's opinion, the Company's Management expects favorable outcome of the matter.

14.2 Commitments in respect of:

- Capital expenditure
- Letters of credit and bank contracts

(UN - AUDITED)	(AUDITED)
September 30, 2022	December 31, 2021
(Rupees in '000)	
159,487	3,465
185,187	410,595
344,674	414,060

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	(UN - AUDITED)		(UN - AUDITED)	
	Three month period ended		Nine month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Rupees in '000)			
15 SALES - NET				
Shoes and accessories				
Local	5,242,155	4,022,076	15,293,345	11,406,282
Export	7,059	6,280	33,276	36,584
	5,249,214	4,028,356	15,326,621	11,442,866
Sundry articles and scrap material	13,919	15,431	41,207	49,124
	5,263,133	4,043,787	15,367,828	11,491,990
Less: Sales tax	(710,957)	(420,842)	(1,961,902)	(1,326,936)
Discount to dealers and distributors	(173,982)	(248,655)	(449,734)	(758,714)
Commission to agents/business associates	(125,536)	(90,590)	(357,421)	(259,601)
	(1,010,475)	(760,087)	(2,769,057)	(2,345,251)
	4,252,658	3,283,700	12,598,771	9,146,739
16 COST OF SALES				
Raw material consumed	1,642,471	884,747	3,864,012	2,679,183
Stores and spare parts consumed	2,513	3,229	10,395	8,450
Fuel and power	66,323	34,649	161,123	102,600
Salaries, wages and benefits	229,656	153,558	533,410	458,947
Repairs and maintenance	23,827	15,354	63,852	72,258
Insurance	5,118	5,374	13,619	16,121
Depreciation on property, plant and equipment	15,707	16,538	46,184	49,336
	1,985,615	1,113,449	4,692,595	3,386,895
Add: Opening goods in process	116,614	78,931	35,192	40,540
	2,102,229	1,192,380	4,727,787	3,427,435
Less: Closing goods in process	(203,739)	(98,404)	(203,739)	(98,404)
	1,898,490	1,093,976	4,524,048	3,329,031
Cost of goods manufactured	4,422,253	3,656,877	3,573,627	2,521,326
Add: Opening stock of finished goods	705,173	830,443	3,238,196	2,771,818
	7,025,916	5,581,296	11,335,871	8,622,175
Less: Closing stock of finished goods	(4,793,672)	(3,845,460)	(4,793,672)	(3,845,460)
	2,232,244	1,735,836	6,542,199	4,776,715

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	(UN - AUDITED)		(UN - AUDITED)	
	Three month period ended		Nine month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Rupees in '000)			
17 FINANCE COST				
Interest / mark-up on:				
Long term borrowing	443	492	1,339	1,614
Employees / agents' securities and personal accounts	1,345	–	3,813	1,705
Lease liabilities	167,328	163,805	481,386	507,529
	169,116	164,297	486,538	510,848
Bank charges and commission	18,482	10,988	52,321	29,721
	187,598	175,285	538,859	540,569

	(UN - AUDITED)	
	Nine month period ended	
	September 30, 2022	September 30, 2021
	(Rupees in '000)	
18 CASH AND CASH EQUIVALENTS		
Cash and bank balances	822,912	519,916
Short term investments	500,000	600,000
	1,322,912	1,119,916

19 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of parent company, related group companies, provident fund trusts, directors and key management personnel. Transactions with related parties during the period are as follows:

Relationship with the Company	Nature of transactions	(UN - AUDITED)		(UN - AUDITED)	
		Three month period ended		Nine month period ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		(Rupees in '000)			
Common control companies	Purchase of goods and services	12,733	66,652	144,031	128,869
	Sale of goods and services	–	1,204	–	4,841
	Dividend paid	–	–	568,587	–
	Trade mark license fee	212,634	173,122	629,939	457,337
	Management service fee	75,987	56,715	204,882	166,590
Staff Retirement Benefits	Contribution to provident fund trusts	21,394	16,674	58,813	49,369
Staff Retirement Benefits	Gratuity paid	14,512	2,638	19,091	15,351
Key management personnel	Remuneration	31,629	30,340	110,014	97,326
	Director's Fee	450	213	1,273	1,148

All transactions with related parties and common control companies are carried out at mutually agreed terms and conditions or comparable uncontrolled price method.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	(UN - AUDITED) September 30, 2022	(AUDITED) December 31, 2021
Period / year end balances	(Rupees in '000)	
Receivable from related parties	–	–
Payable to related parties	1,788,058	2,241,223

	(UN - AUDITED) Three month period ended		(UN - AUDITED) Nine month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Rupees in '000)			
20 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation attributable to ordinary share holders (Rupees in '000)	81,773	33,687	466,624	164,040
Weighted average number of ordinary shares - Number (in '000)	7,560	7,560	7,560	7,560
Earnings per share - Basic (Rs.)	10.82	4.46	61.72	21.70

20.1 No figure for diluted earnings per share has been disclosed as the Company has not issued any instrument which would have a dilutive impact on earnings per share, when exercised.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

(UN - AUDITED) Nine Month period Ended

	Retail		Wholesale		Export		Others		Total	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	(Rupees in '000)									
Net sales	11,283,010	7,695,657	1,246,383	1,368,569	33,276	36,584	36,102	45,929	12,598,771	9,146,739
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	11,283,010	7,695,657	1,246,383	1,368,569	33,276	36,584	36,102	45,929	12,598,771	9,146,739
Segment result before unallocated expenses	2,251,152	1,387,138	31,416	110,929	4,402	3,728	18,154	11,090	2,305,124	1,512,825
Unallocated operating expenses									(1,013,297)	(800,576)
Other expenses									(124,814)	(56,911)
Other income									188,148	206,417
Operating profit									1,355,161	861,755
Finance cost									(538,859)	(540,569)
Profit before taxation									816,302	321,186
Provision for taxation									(349,678)	(157,146)
Profit after taxation									466,624	164,040

(UN - AUDITED) Three Month period ended

	Retail		Wholesale		Export		Others		Total	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	(Rupees in '000)									
Net sales	3,609,883	2,766,565	624,368	496,476	7,059	6,280	11,348	14,379	4,252,658	3,283,700
Inter - segment sales	-	-	-	-	-	-	-	-	-	-
Total Sales	3,609,883	2,766,565	624,368	496,476	7,059	6,280	11,348	14,379	4,252,658	3,283,700
Segment result before unallocated expenses	512,017	351,903	12,063	49,707	1,207	765	5,572	2,435	550,859	404,810
Unallocated operating expenses									(193,776)	(146,065)
Other expenses									(43,554)	(34,499)
Other income									58,986	47,996
Operating profit									352,515	272,242
Finance cost									(187,598)	(175,285)
Profit before taxation									164,917	96,957
Taxation									(83,144)	(63,270)
Profit after taxation									81,773	33,687

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	(UN - AUDITED)	(AUDITED)	(UN - AUDITED)	(AUDITED)
	Segment assets		Segment liabilities	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
(Rupees in '000)				
22 SEGMENT ASSETS AND LIABILITIES				
Retail	9,225,152	8,163,045	4,447,201	4,619,735
Wholesale	1,347,753	1,232,098	42,219	65,538
Export	5,243	14,432	—	—
Unallocated	5,036,382	6,192,928	4,524,065	4,757,809
	<u>15,614,530</u>	<u>15,602,503</u>	<u>9,013,485</u>	<u>9,443,082</u>

23 EVENTS AFTER THE REPORTING DATE

The Board of Directors have approved an interim cash dividend for the period ended September 30, 2022 of Rs. 180 per share, amount to Rs. 1,360.8 million at their meeting held on October 26, 2022. These condensed interim financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

24 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors on October 26, 2022.

25 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Chief Executive



Director



Chief Financial Officer

NOTES

QUARTERLY REPORT JANUARY - SEPTEMBER 2022

NOTES

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NOTES

QUARTERLY REPORT JANUARY - SEPTEMBER 2022

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